



the Louisiana Director's **CONTRACTOR NEWS SOURCE**

An Official Quarterly Newsletter for Louisiana Licensing Board For Contractors

Volume 2, Issue 2

Summer 2006

Spotlight on Residential Construction Industry as Louisiana Rebuilds After Hurricanes *The Good, the Bad, and the Ugly*

The Good

The Louisiana State Contractor Licensing Board has regulated commercial construction projects since 1956. Forty years later, it inherited the regulation of single family residential dwellings for homes valued at \$50,000 and above. In 2003, the legislature enacted the Home Improvement Registration Act which calls for the registering of all contractors who bid or perform home improvement work valued at \$7,500 and above with the State Licensing Board for Contractors. The regulation of residential construction projects rests with a residential committee appointed by Governor Blanco who serve under the authority of the State Licensing Board. The legislature, in effect, recognized that the citizens of Louisiana needed additional protection under state law when it came to the regulation of home improvement projects, renovations, and the remodeling of existing residential structures. Projects valued under \$50,000 had no regulation or oversight for the protection of the consumer. Subsequently, the leg-

islature required local permitting authorities and building officials to verify that only licensed or registered contractors would be allowed to pull building permits to begin work. As a result of the residential laws enacted since 1996, some 3,500 residential builders have been licensed who also must maintain mandatory general liability and worker's compensation insurance coverage, and must also provide 4 hours of continuing education annually in order to maintain their license. In addition, some 850 home improvement contractors have registered with the Board and have shown proof that they have worker's compensation insurance coverage. These numbers are increasing significantly since the hurricanes of 2005. The Residential Committee conducts an average of 350 administrative hearings per year to render justice against alleged violators. Many hearings are held when residential contractors fail to maintain qualifying parties for their licenses or fail to maintain general liability and worker's compensation insurance. All fines and penalties levied

after administrative hearings are transferred to a separate Contractor Educational Trust Fund for educational purposes as determined by the Board. The Board works with the State Attorney General's office and other political subdivisions of the State to uphold the laws of the state of Louisiana.

The Bad

Unfortunately, in the middle of Louisiana's recovery efforts, amidst the chaos of destruction and devastation, opportunity seekers and fortune hunters invaded our State looking for the easy dollar to be made from the victims of hurricanes and hard times. The suffering of our citizens family by family and person by person creates a desire in them to rebuild and an urgency to put their misery and losses behind them. They become victims a second time by trusting their money in the way of insurance payments, personal savings, or government assistance in the hands of a smooth talking, overly

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CONTRACTOR NEWS SOURCE

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BOARD MEMBER PROFILE

**Tara Brown,
Residential Building
Committee Chair**

Tara Brown is a woman with a big heart for the consumer, particularly those building a home. Unfortunately, she has heard many stories of homeowners being taken advantage of by the non-licensed residential builder. Her goal as chair of the Residential Building Committee is to have more residential builders and remodelers licensed to better serve the residential public, which also becomes her biggest challenge - finding the non-licensed contractor and encouraging them to get licensed.

Brown has served as Chair of the Residential Building Committee for the past 9 years, and has served on the Licensing Board for Contractor's since 1992.

She was introduced to the construction industry through her father-in-law's



business and has been in the construction industry for the past 40 years. Brown and her sister Kathy own a commercial flooring company, Unit Design, Inc.

Brown was born in California, but considers herself a Louisianian, especially after living here for over 40 years.

Outside of the construction business Brown enjoys fishing in Cocodrie traveling, and spending time with her grandchildren.

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*For more information on State news
visit our website at
www.lslbc.louisiana.gov*

The Good, the Bad, and the Ugly (continued from the front page)

agreeable contractor who promises to rebuild their losses immediately. They convince the homeowner that they need up front cash or checks to “guarantee” procurement of materials, availability of labor, and payment of vendors. Some have given nearly 100% in advance to people they have never met before and never checked out the contractor with anyone or any state agency. As a result, they become a victim of fraud, greed, and dishonest contractors. Louisiana currently regulates over 18,500 contractors working in different industry segments of the Louisiana economy. Consumers can verify the license or registration of any contractor by searching the State Licensing Board’s website at www.lslbc.louisiana.gov or they may call our toll free number 1-800-256-1392. They may also submit complaints against contractors to complaints@lslbc.louisiana.gov.

REMEMBER, DON’T BECOME A VICTIM TWICE!

The Ugly **Setting the Trap!**

Unscrupulous, fraudulent, and unlawful contractors who prey on the helpless, the elderly, and often times on the affluent, have coerced and convinced homeowners that it is in their best interest to go apply for a building permit from the permit offices so there will not be a delay in the construction project. And the homeowners march on down to the permit office to purchase a construction permit. The process is as follows:

1. The homeowner applies for a permit to build or renovate in the parish.
2. The permit official will ask the homeowner who the contractor will be.
3. The homeowner replies that he or she as owner of the property will self-contract the home.
4. The permit official will ask the homeowner to sign a homeowner/builder affidavit which allows the homeowner to demonstrate that he or she is exempt from licensing requirements under law.
5. The permit official issues the permit to the homeowner who claimed exemption.
6. The homeowner then hires the contractor who did not go apply for the work permit because he knew that the building official could not issue the permit to an unlicensed or unregistered contractor by law.
7. The contractor convinces the homeowner that a 50% or greater downpayment will be required so that he can secure materials, labor force, and other needed tools and equipment.
8. The contractor may begin the work but in a week or two leaves the job and never comes back to finish the work.
9. The homeowner panics and contacts the authorities, may even contact the contractor licensing board, although, at this point he or she knows they are a victim of their own negligence by fraudulently signing a notarized affidavit to illegally obtain a governmental permit to perform construction work.
10. The Judge in a court of competent jurisdiction would probably throw out the case based on the homeowner fraudulently signing a document knowing that his intent was to hire an unlicensed contractor to perform the work.

This is one time that strategies to save money and time, did not work! Another victim is born! By the time we receive the complaint, the consumer has already become a victim!

Statistics show that at least 70% of all construction work permits issued in the state of Louisiana by local building officials for residential construction activities are being issued to homeowners who then hire illegal or unlawful contractors to perform the work on their personal property.

The Contractor Licensing Board has a backlog of nearly 500 complaints where consumers become victims in much the same way. The Board is working with the State Attorney General’s office and other governmental agencies and Boards to help educate the citizens of the State relative to this weakness in the process.

DON’T BECOME A VICTIM TWICE!

STATE LICENSES ARE REQUIRED FOR PROJECTS

**COMMERCIAL PROJECTS
VALUED AT \$50,000 AND ABOVE**

**RESIDENTIAL BUILDINGS
VALUED AT \$50,000 AND ABOVE**

**HOME IMPROVEMENT PROJECTS
AT \$7,500 AND ABOVE**

**MOLD REMEDIATION PROJECTS
AT \$1 AND ABOVE**

**HAZARDOUS WASTE REMOVAL
AT \$1 AND ABOVE**

Hiring A Contractor

Checklist for Consumers

- 1** Hire only Louisiana State Licensed or Registered Contractors, Commercial Projects over \$50,000 require state license, Residential New Construction of Single Family Homes require state license, Home Improvement/Remodeling over \$7,500 requires state registration, Hazardous materials or mold remediation over \$1.00 requires state license.
- 2** Verify Contractor licenses or Registration number at 1-800-256-1392 or www.lslbc.louisiana.gov and search for contractor license/registration number.
- 3** Get at least 3 local area references and review contractor experience.
- 4** Get a least 3 bids on the work to be performed.
- 5** Get a written contract and don't sign anything until you understand the terms of the contract clearly.
- 6** Pay 10% down, or \$1,000, whichever is less, depending on project size and reasonable starting cost requirements.
- 7** Don't let payments get ahead of work completed. Keep a record of all payments.
- 8** Don't make the final payment until you are satisfied with the job.
- 9** Never pay cash.
- 10** Keep a job file of all papers relating to your construction project.

Protect yourself, and your pocketbook; don't become a victim.

Take time to ensure that the contractor is licensed. Contact the Louisiana State Board for Contractors at 800-256-1392 or search our contractor license database at www.lslbc.louisiana.gov

More Consumer Tips Relative to Hiring Construction Contractors

CAVEAT EMPTOR

Let The Buyer Beware

Most licensed or registered contractors are competent, honest, hardworking and financially responsible. However, new residential construction, and home improvement projects are a top source of consumer complaints nationwide. Most of the problems that the Louisiana State Licensing Board for Contractors see could be prevented if homeowners knew their home improvement rights and took responsibility for their project. A responsible and informed consumer can work more effectively with reputable contractors who follow state licensing laws and also adhere to other state laws regarding general liability, workers compensation, and laws governed by the Department of Revenue and Taxation. By being informed the consumer can avoid being victimized by unscrupulous or unlicensed contractors. The "buyer beware" principle can help prevent frustration and disappointment when preparing to make a major decision. By carefully considering what you want done to your property, what it will realistically take to do the job, and taking the time to research and check the license or registration status of the contractor you hire to do the job, you may avoid many of the headaches often associated with new construction or home improvement projects. Almost everyone knows someone who has a nightmare story to tell about building or remodeling their home: the length of time it took, or the cost overruns associated with the project; or worse; a contractor who started, but didn't finish the project; but, instead ended up with the owner's hard earned money, and an uncompleted project. The added agony, frustration, and expense of having to finish the project themselves or hire another contractor to finish the work is indeed a nightmare situation!

Executive Director Alerts Senior Citizens about Unscrupulous Contractor Scams and Promotes Contractor Licensing Board Safeguards and Requirements

Executive Director, Chuck Marceaux warned seniors in southeastern Louisiana about contractor scams that have been started against the homeowners and property owners since hurricanes Katrina and Rita. The event was sponsored by the Governor's Office of Elderly Affairs and was held in the newly built St. James Community Center in Lutcher, Louisiana. Jane Thomas, Elderly Affairs Executive Director, scheduled events during the month of May for involvement by the Contractor Licensing Board in Marksville, New Orleans, and Lutcher. Some 350 seniors attended the events.

Marceaux gave them stories of scams that have already occurred in their communities, complete with statistics regarding some 500 complaints filed against unlicensed contractors since the storms. The Contractor Licensing Board is working with the Attorney General's office to identify and prosecute unlicensed contractor scams. In addition, consumer advocacy groups such as the Council on Aging and the Better Business Bureau have already participated in consumer protection and awareness seminars outlining contractor scam issues. The seniors are better informed and better prepared how to handle those situa-



tions should they occur. The executive director's message was, **"Don't become a victim, twice"**. The Board will continue to promote the protection of Louisiana citizens in the area of contractor fraud and other unlawful activities. To report contractor fraud visit our website at www.lslbc.louisiana.gov or contact us at 1-800-256-1392.

WHAT YOU SHOULD KNOW ABOUT PAYMENTS!

- ✓ Don't pay cash
- ✓ Include a payment schedule in your written contract
- ✓ Don't pay more than 10% of the job or \$1,000, whichever is less, as a down payment.
- ✓ Don't let payments get ahead of the work

Unscrupulous Contractor Scams

Door-to-Door Solicitations

A solicitor offers to do roofing, painting or paying work at a reduced price. Once payment is made, little or no work is done and the project is abandoned.

High Pressure Sales

An unscrupulous contractor pushes for an immediate decision about work, which makes it impossible for the homeowner to get competitive bids, check licenses/registrations and review references.

Scare Tactics

A deceitful contractor offers to perform a free inspection, then claims that faulty wiring, bad plumbing, or a leaky roof put the homeowner in danger. The alarmed homeowner agrees to unnecessary and overpriced work.

Demand for Cash

A contractor demands cash payments, sometimes going so far as to drive the victim to the bank to withdraw funds. With money in hand, the unscrupulous operator takes the money and runs.

Illegally Large Down Payments

A dishonest contractor takes more for a down payment than is reasonable, claiming to need instant cash for supplies and to pay workers. A down payment shouldn't exceed 10% or \$1,000, whichever is less, or reasonable to the size of the project after you have investigated the contractor's license/registration, and verified their references.

Verbal Agreements

A contractor states that a written contract is unnecessary - promising to deliver on the verbal agreement. The shady contractor takes advantage of the situation to perform shoddy work or none at all.

Contractor Licensing Board Distributes Contractor Donations to Accredited Construction Curriculum Universities

Board Executive Director, Chuck Marceaux, Board Vice Chairman, Vic Weston, and Art Favre, Board member presented voluntary contractor donations to the foundations of three accredited schools of construction in Louisiana. They are Louisiana State University, Baton Rouge, Louisiana Tech, Ruston, and University of Louisiana, Monroe. Nearly 1,000 construction management and construction technology students are enrolled in the accredited programs. The Louisiana Legislature passed the law allowing voluntary donations from contractors who renew their licenses each year to be able to select the program or programs that they would like to contribute donations to. This event was the 2nd annual disbursement of the audited

funds since the law went in effect. The law states that at the end of every year and after the legislative auditor has audited the Contractor Licensing Board's operating activities, the Board shall distribute the audited fund donations to the selected foundations of the Universities who have accredited courses in construction management and technology. The universities were very appreciative of the Board's efforts to assist educators and future constructors in our state. A contractor may contribute voluntary funds throughout the year as well as during the normal year end re-



(Left) Vic Weston, Board Vice Chairman, Chuck Marceaux, Board Executive Director and Art Favre, Board Member (far right), make a check presentation to Ken Naquin, LSU CIAC President.

newal period. Please contact the Board office for additional information relating to this issue at 1-800-256-1392, or visit us at 2525 Quail Drive, Baton Rouge, Louisiana.

Residential Investigators Named 2005 Employees of the Year

Carl Bourque and Lloyd Hayden were hired specifically to focus on investigating new home construction and home improvement projects. In the aftermath of hurricanes Katrina and Rita, their responsibilities have been highlighted in an effort to protect Louisiana home property owners who contract the building of new residences or demolition and remodeling of existing residential structures. Consumer complaints have risen astronomically since the hurricanes and attention has been placed in residential enforcement. What makes Carl and Lloyd so effective in the field is their down to earth conversational style, and their no-nonsense approach to explaining the Contractor Licensing laws to both consumer and contractor alike. At the same time, their courteous and friendly way yields cooperation and a willingness to comply from the unlicensed contractor. But, make no mistake about these courteous and friendly investigators, they mean business, and will follow through to a successful resolution of the problem. You will get a license or you will not work successfully in Louisiana!

On behalf of the Board, Executive Director Chuck Marceaux congratulates Carl and Lloyd for their commitment and dedication to the Board and the citizens of the State of Louisiana, and also, for their selection as the Board's 2005 Residential Division's Employees of the Year.



Residential Licensing Investigators Carl Bourque (L) and Lloyd Hayden enjoy the importance and challenge of their positions and are productive in them.

NATIONAL NEWS

NASCLA Meets in Baton Rouge to Discuss National Exam

NASCLA'S national examination committee members met in Baton Rouge June 2, 2006 with national test development company representatives and NASCLA'S information technology contractor. The main purpose was to work out the complex issues relating to establishing a national registry for storing test results data from contractors taking the nation's first national commercial building exam. Executive Director Chuck Marceaux, Examination Director, Leonard Servat, and Board Vice-Chairman, Vic Weston, serve on NASCLA's national examination standards committee.



NASCLA's national examination committee members meet in Baton Rouge to discuss national exam.

NASCLA representatives from Arizona, Arkansas, Rhode Island, Alabama, California, and Louisiana were in attendance. National test development company representatives participating were from California, Minnesota, and Utah. NASCLA's information technology contractor is from Louisiana.

NASCLA began its march towards developing a nationally acceptable commercial building exam in late 1998. Since then the nonprofit organization established since 1962 has developed the nation's first National Standards by which test development firms can develop national contractor exams. It also conducted a nationwide survey of construction classification scopes, and contracted with a national firm who conducted a national test in developing the nation's first national contractors commercial building examination. The intent of the national exam is to have it accepted by all NASCLA states that regulate construction contractors nationwide. The national exam for commercial building contractors should be available in the first quarter of 2007. Industry trade organizations are in full support of this endeavor. It will also eliminate cost of travel and the need for multiple state testing for contractors who work across the state lines. Louisiana's State Board for Licensed Contractors is proud to be a part of this effort.

FOR MORE INFORMATION ON NATIONAL NEWS,
VISIT THE NASCLA WEBSITE AT www.nascla.org

Employee Recognition Day

We would like to thank Governor Kathleen Blanco for her continued emphasis on Employee Recognition Day. While our office stayed open to the public on this special day, the Board treated its employees with "dinner on the grounds", complete with music, barbeque, cakes, horseshoes, and employee volleyball. The weather was perfect. Our employees deserved the Board's small token of appreciation following nine months of increased license application volume in the aftermath of hurricanes Katrina and Rita. The staff performed excellently and tirelessly to provide the much needed customer service during a difficult time in our state. Board members and executive management applaud our employees for their commitment and dedication to their jobs. Happy Employee Recognition Day!



NASCLA

National Association of State Contractors Licensing Agencies
P.O. Box 14941, Scottsdale, AZ 85267
Fax 480-948-4117; www.nascla.org

IF YOU NEED INFORMATION ON CONTRACTORS' LICENSING IN OTHER STATES, YOU NEED

A COPY OF THE **CONTRACTORS STATE LICENSING INFORMATION DIRECTORY**

The 2006 edition identifies over 170 state agencies that regulate the construction industry. The directory summarizes the pre-qualification, licensing, examination, and bonding requirements. Information regarding reciprocity, license classifications, incorporating, and fees is also included.

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